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Russian Grain Exports Expected to Rebound

Report Categories:

Grain and Feed

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Report Highlights:

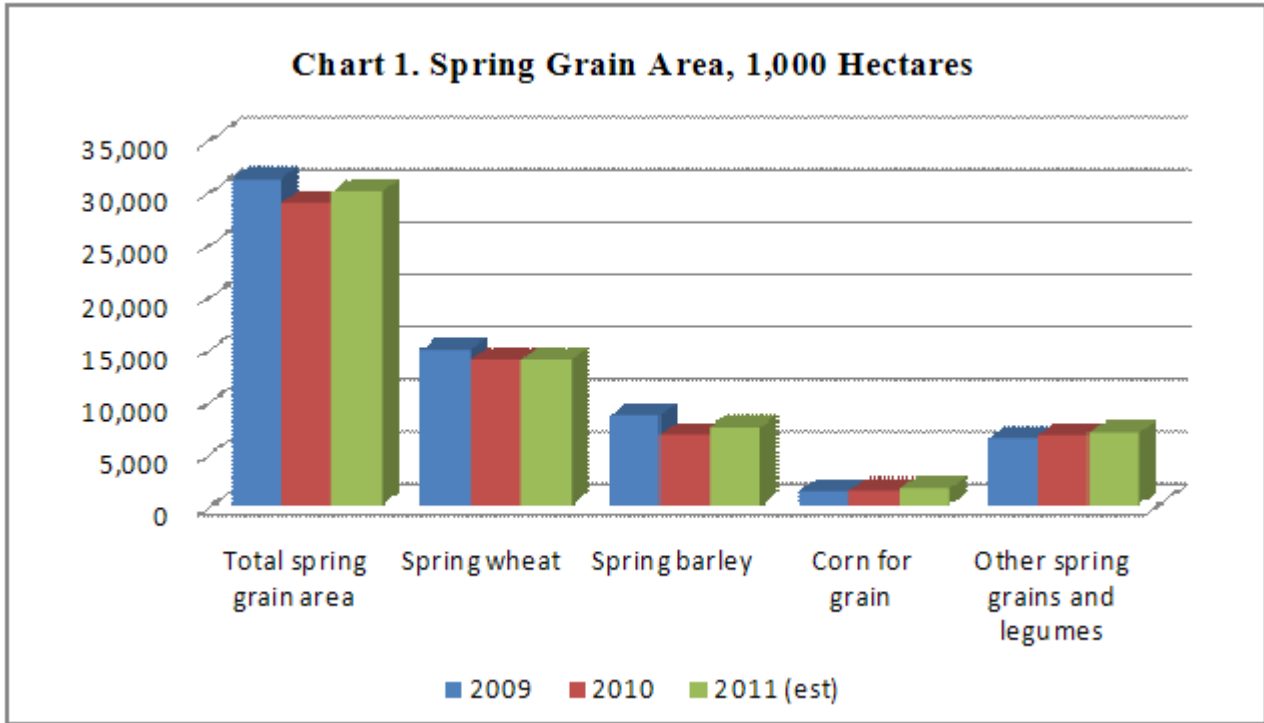
Russia's grain production this year is expected to rebound from last year's drought-affected crops, and assuming normal summer weather in the grain producing provinces, FAS Moscow forecasts Russia's grain (including legumes) crop at 85.5 million metric tons (MMT). The Government of Russia has announced that Russian grain exports will be able to restart on July 1, 2011, although some uncertainty remains on future export policies. FAS Moscow forecasts total grain exports in MY 2011 at 12.5 MMT, nearly triple last year's level.

General Information:

Production:

Grain Sown Area

Although winter grain area actually fell in Russia, the survival rate of these crops from dormancy was improved from last year. Experts estimate that winter grains survived on 14.0 million hectares, including 6.9 million hectares reported by the big agricultural enterprises to the Russian State Statistical Service (Rosstat). Estimates of area sown to spring grains (grains and legumes) vary from 29.6 million hectares to 30.3 million hectares. Although area sown to spring grains increased from the 28.1 million hectares sown in 2010 (the lowest in 10 years), it is still below the annual average of 31 million hectares sown to spring grains between 2004 – 2009. In the Volga Valley, the Central, and the Southern Federal Districts some farmers increased area to oilseeds rather than grain. According to the Russian Ministry of Agriculture (MinAg) as of June 21, 2011, Russian farmers planted 29.6 million hectares to spring grains (98 percent of the total planned spring grain area). Planting of spring wheat was finished all over Russia by June 21, and area sown to spring wheat is reported at 14.0 million hectares, the same as last year. Spring barley was planted on 7.4 million hectares (a 10 percent increase from last year) and corn for grain was planted on 1.6 million hectares (a 16 percent increase from last year). Planting of other spring grains and legumes, such as oats, chick peas, lentils increased compared with last year, but the MinAg does not specify area planted to these spring crops.



Crop Forecasts

So far in most Russian provinces the weather has been largely favorable for development of winter grains and spring grains. In the Southern provinces of European Russia, such as Krasnodar and Stavropol krais, where farmers begin harvesting grain in the end of June, the grain crop looks to be doing very well. Assuming normal weather in summer, FAS Moscow forecasts the total grain production at 85.5 MMT, including 52.5 MMT of wheat, 16.5 MMT of barley, 5.0 MMT of corn, 4.5 MMT of oats, 3.3 MMT of rye, and 3.7 MMT of other grains and legumes. Industry analysts' forecasts of the grain crop vary from 83 to 90 MMT.

Table 1. OAA, FAS Moscow's PSD Grain Total Forecast for Marketing Year 2011/2012, in 1,000 Metric Tons, Area in 1,000 Hectares

Grain Total	Wheat	Barley	Corn	Rye	Oats	Other Grains & Legumes	TOTAL GRAIN
Area Harvested	26,000	8,000	1,600	1,800	3,300	2,710	43,410
Beginning Stocks	11,557	918	135	110	173	139	13,032
Production	52,500	16,500	5,000	3,300	4,500	3,730	85,530
MY Imports	200	200	100	0	0	180	680
TY Imports	200	200	100	0	0	180	680
TY Imp. from U.S.	0	0	40	0	0	0	40
Total Supply	64,257	17,618	5,235	3,410	4,673	3,671	98,864
MY Exports	10,500	1,300	400	0	0	330	12,530
TY Exports	10,500	1,300	400	0	0	330	12,530
Feed Consumption	18,500	10,100	4,000	500	3,100	1,080	37,280
FSI Consumption	23,000	4,500	500	2,700	1,400	2,070	34,170
Total Consumption	41,500	14,600	4,500	3,200	4,500	3,150	71,450
Ending Stocks	12,257	1,718	335	210	173	191	14,884
Total Distribution	64,257	17,618	5,235	3,410	4,673	3,671	98,864
Yield	2.02	2.06	3.13	1.83	1.36	1.38	1.97
Note: Marketing years for wheat, barley, oats and many other grains produced in Russia begin on July 1, and ends on June 30. Marketing year for corn is October 1 – September 30.							

Source: PSD data for each crop.

Trade:

Grain Exports

Russia's ban on exports of major grains was in force from August 15, 2010, through June 30, 2011. In August 15, 2011 – December 31, 2011, exports of wheat flour were also banned.

The Russian government decided not to extend the grain export ban [1], and Russian grain exports will restart on July 1, 2011. Although industry forecasts for MY 2011 vary from 11 to 19 MMT.

FAS/Moscow forecasts grain exports at 12.5 MMT in MY 2011, including 10.5 MMT of wheat, 1.3 MMT of barley, 0.4 MMT of corn, and 0.3 MMT of other grains and legumes. Volumes of Russia's grain exports could depend more on domestic prices and government policy than the final size of production. Uncertainty regarding future export policies is expected to result in export volumes in July

being lower than experienced in previous years, and most industry forecasts for shipments in this month are between 1.5-1.6 MMT (compared to 1.9 MMT in July of 2010).

FAS/Moscow estimates Russia's total grain exports in MY 2010 at 4.6 MMT, including 4.2 MT of wheat and wheat flour in grain equivalent, 0.3 MMT of barley, and slightly more than 0.1 MMT of rice. Russia's wheat exports included 3.4 MMT of wheat shipped mostly in the period July 1 – August 14, 2010 (official Customs data), approximately 0.4 MMT of wheat flour (an equivalent of 0.55 MMT of wheat), and an estimated 0.2 – 0.3 MMT of unreported wheat exports. Media reported that while the export ban on grain was in force, Russian traders managed to ship some wheat to neighboring countries by trucks, avoiding custom points. Also traders reportedly shipped through customs almost 170,000 MT of wheat as broken grain (so called “dert”), which was not banned by the government [2] .

^[1] For more information see GAIN report RS1127 _ Russian Grain Exports Will Restart on July 1, 2011 _ Moscow _ Russian Federation _ 5/31/2011

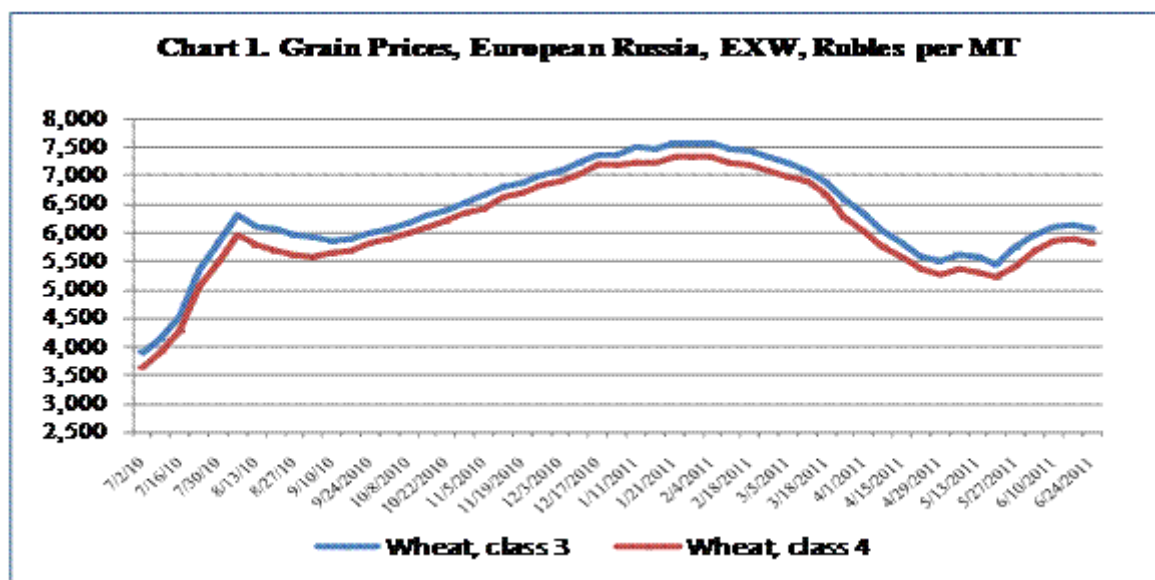
^[2] Vedomosti, June 24, 2011 (“Grain has found the hole”)

Stocks:

Rosstat does not publish official monthly grain stocks data, although this data does appear from time to time in mass media. Industry analysts' estimates of the total grain carry-over stocks by July 2011 vary from 10 MMT to 20 MMT. FAS Moscow estimates grain carry-in stocks on the beginning of MY 2011 at 13 MMT, including 11.6 MMT of wheat, 0.9 MMT of barley, and 0.5 MMT of other grains and legumes. The government ban on exports resulted in these stocks being untypically large for a year in which crops suffered from drought.

Policy:

Since the announcement of the removal of the export ban on grain, a number of Russian officials have come out in support of an export duty on grain, although other officials have assured that this will not be the case. Despite the government's assurance of allowing exports to resume on July 1, 2011, the uncertain policy situation has kept prices artificially low in Russia and exporters have had to discount their grain. Domestic grain prices fell again after a short upward move on the wave of expectations for the restarting of grain exports (Chart 1).



Source: ProZerno

Production, Supply and Demand Data Statistics :

PSD, Wheat, 1,000 Metric Tons, Area in 1,000 Hectares

Wheat Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: May 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	28,698	28,700	26,614	21,710	26,000	26,000
Beginning Stocks	10,743	10,479	14,121	13,357	10,629	11,557
Production	61,770	61,770	41,508	42,000	53,000	52,500
MY Imports	164	164	300	200	200	200
TY Imports	164	164	300	200	200	200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	72,677	72,413	55,929	55,557	63,829	64,257
MY Exports	18,556	18,556	4,000	4,200	10,000	10,500
TY Exports	18,556	18,556	4,000	4,200	10,000	10,500
Feed and Residual	17,000	17,500	18,500	17,000	18,000	18,500
FSI Consumption	23,000	23,000	22,800	22,800	22,800	23,000
Total Consumption	40,000	40,500	41,300	39,800	40,800	41,500
Ending Stocks	14,121	13,357	10,629	11,557	13,029	12,257
Total Distribution	72,677	72,413	55,929	55,557	63,829	64,257

1000 HA, 1000 MT, MT/HA

PSD, Barley, 1,000 Metric Tons, Area in 1,000 Hectares

Barley Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9,094	7,750	7,214	4,960	7,900	8,000
Beginning Stocks	3,813	3,637	2,245	2,088	995	918
Production	17,881	17,900	8,350	8,330	14,500	16,500
MY Imports	8	8	300	400	200	200
TY Imports	13	8	300	400	200	200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	21,702	21,545	10,895	10,818	15,695	17,618

MY Exports	2,657	2,657	300	300	800	1,300
TY Exports	2,086	2,086	300	300	800	1,300
Feed and Residual	12,300	12,300	5,600	5,600	8,600	10,100
FSI Consumption	4,500	4,500	4,000	4,000	4,400	4,500
Total Consumption	16,800	16,800	9,600	9,600	13,000	14,600
Ending Stocks	2,245	2,088	995	918	1,895	1,718
Total Distribution	21,702	21,545	10,895	10,818	15,695	17,618
1000 HA, 1000 MT, MT/HA						

PSD, Corn, 1,000 Metric Tons, Area in 1,000 Hectares

Corn Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,365	1,100	1,416	1,020	1,700	1,600
Beginning Stocks	254	287	122	160	72	135
Production	3,963	3,950	3,075	3,075	6,000	5,000
MY Imports	32	50	300	300	50	100
TY Imports	32	50	300	300	50	100
TY Imp. from U.S.	0	0	0	0	0	40
Total Supply	4,249	4,287	3,497	3,535	6,122	5,235
MY Exports	427	427	25	20	500	400
TY Exports	427	420	25	20	500	400
Feed and Residual	3,200	3,200	3,000	2,950	4,500	4,000
FSI Consumption	500	500	400	430	700	500
Total Consumption	3,700	3,700	3,400	3,380	5,200	4,500
Ending Stocks	122	160	72	135	422	335
Total Distribution	4,249	4,287	3,497	3,535	6,122	5,235
1000 HA, 1000 MT, MT/HA						

PSD, Rye, 1,000 Metric Tons, Area in 1,000 Hectares

Rye Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,147	2,150	1,757	1,380	1,800	1,800
Beginning Stocks	312	297	308	260	225	110
Production	4,333	4,300	1,642	1,650	3,000	3,300
MY Imports	0	0	150	300	0	0
TY Imports	0	0	150	300	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	4,645	4,597	2,100	2,210	3,225	3,410
MY Exports	12	12	0	0	0	0
TY Exports	11	11	0	0	0	0
Feed and Residual	825	825	75	100	100	500
FSI Consumption	3,500	3,500	1,800	2,000	2,900	2,700
Total Consumption	4,325	4,325	1,875	2,100	3,000	3,200
Ending Stocks	308	260	225	110	225	210
Total Distribution	4,645	4,597	2,100	2,210	3,225	3,410
1000 HA, 1000 MT, MT/HA						

PSD, Oats, 1,000 Metric Tons, Area in 1,000 Hectares

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